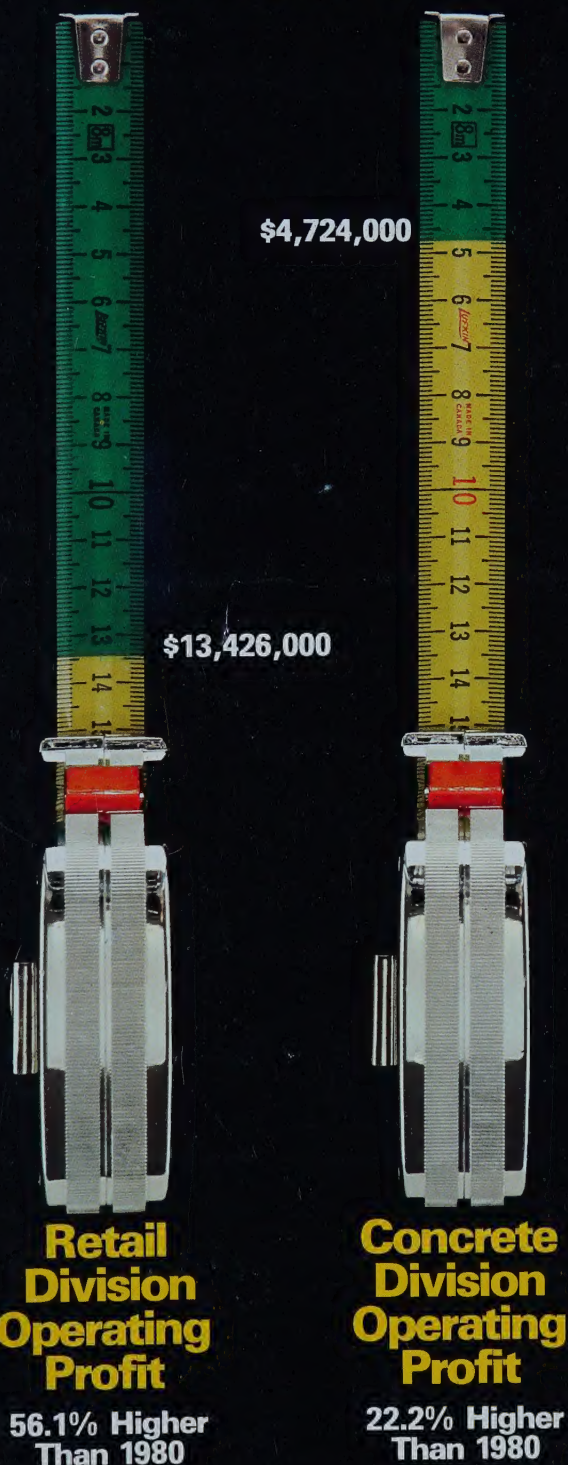
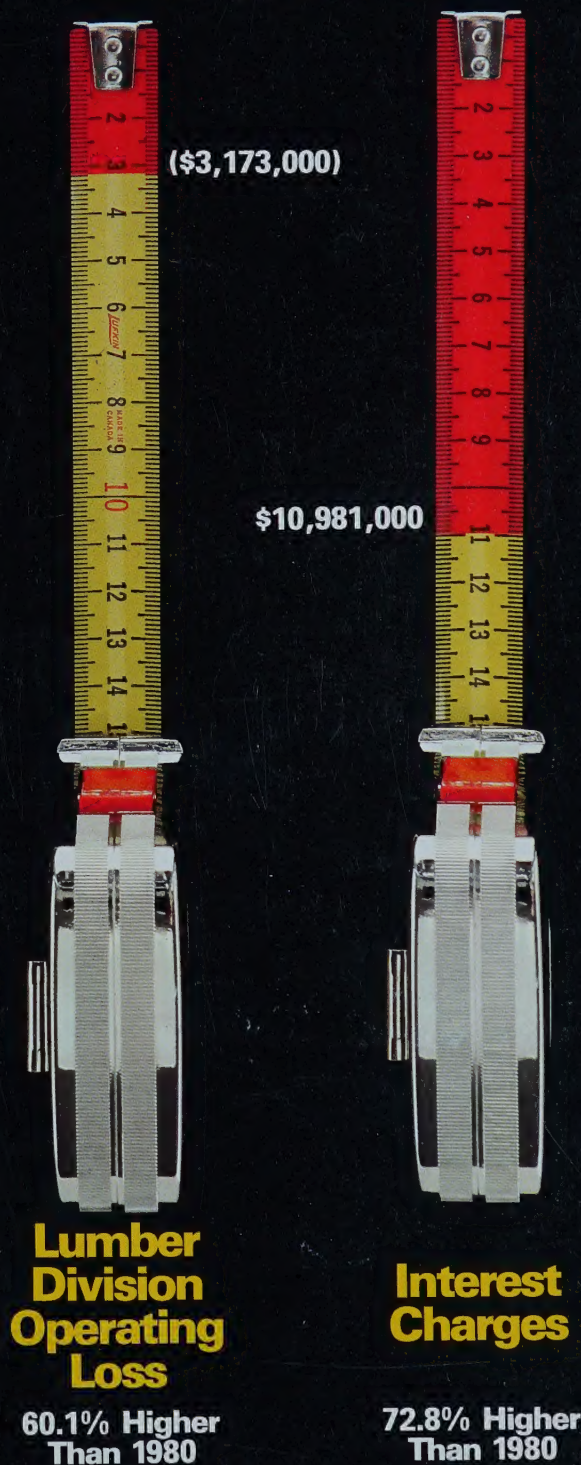


AR45

"Good News"



"Bad News"



WHAT IS REVELSTOKE

Revelstoke's dominant business consists of 98 stores located throughout western Canada, serving primarily "do-it-yourself" retail customers as well as tradesmen and builders. Each store, referred to as a "home improvement centre," represents a combination hardware store, lumber yard, home decorating centre, building material dealer, and supplier of electrical, plumbing and heating equipment. In essence, what were once lumber yards have now evolved into stores that offer one-stop shopping for customers wishing to complete any type of home building, decorating or repair project.

The Company is also in the business of producing redi-mix concrete with 21 plants in Alberta, Saskatchewan and British Columbia, and in the lumber

manufacturing business with three mills in Alberta and one mill in British Columbia. The principal customers of the concrete plants are builders, government agencies, homeowners and farmers. While a majority of the lumber produced by the mills is either sold in Canada or exported to the United States, the mills also serve as a major source of supply for Revelstoke's own stores.

First and foremost, Revelstoke is an organization of men and women committed to attracting, satisfying and retaining customers who build for themselves and others. The existence and success of the Company is based upon its ability to excel in serving customers through having the best people available in the industry.

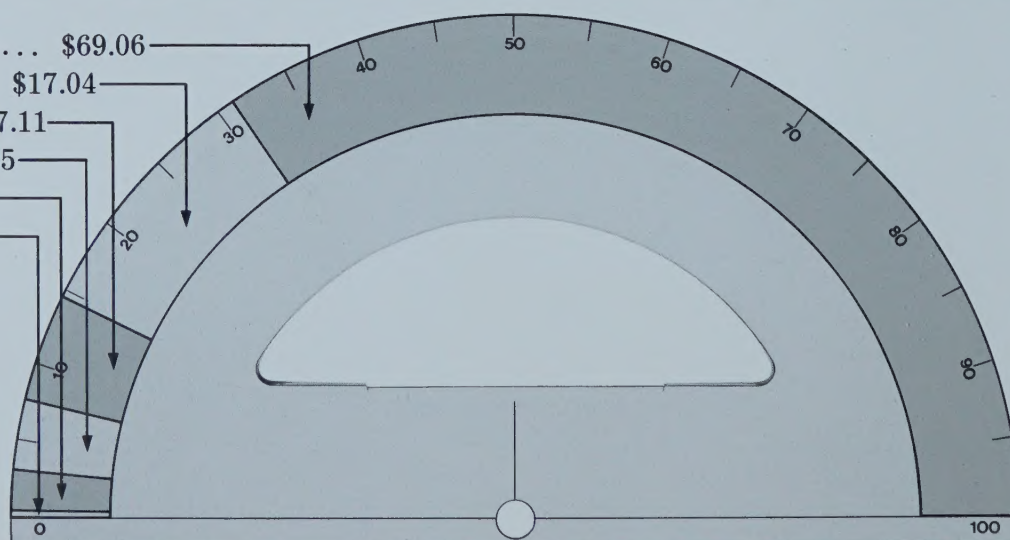
THE COVER

The cover of this Annual Report is intended to highlight the four most significant facts concerning Revelstoke's performance in 1981. Two of them were "good news" and two were "bad news." Operating profits are calculated prior to deducting interest charges and corporate administrative expenses.

This annual report features the use of different types of measuring instruments to graphically depict financial information. Many of these devices are sold in Revelstoke's stores.

BREAKDOWN OF EVERY \$100 OF SALES

Cost of Merchandise and Materials	\$69.06
Employee Benefits, Salaries and Wages	\$17.04
Administration, General and Selling Expenses	\$7.11
Interest Costs	\$4.65
Depreciation of Equipment and Plant	\$2.12
Pre-Tax Earnings	\$0.02



1981 AT A GLANCE

For The Years Ended December 31

	Change 1981 - 1980	1981	1980
Total Dollars:			
Sales	+ 15.5%	\$236,374,000	\$204,575,000
Pre-Tax Earnings.....	- 89.7%	\$ 55,000	\$ 536,000
Income Taxes on Earnings.....	- 51.5%	\$ (541,000)	\$ (357,000)
Net Earnings for Shareholders.....	- 30.1%	\$ 624,000	\$ 893,000
Cash Flow	- 42.3%	\$ 3,531,000	\$ 6,120,000
Common Share Dividends Paid.....	- 3.2%	\$ 1,317,000	\$ 1,360,000
Capital Expenditures	- 39.2%	\$ 6,939,000	\$ 11,406,000
Common Shareholders' Equity	- 1.8%	\$ 36,467,000	\$ 37,139,000
Per Share:			
Sales	+ 18.5%	\$ 60.98	\$ 51.44
Earnings.....	- 35.0%	\$ 0.13	\$ 0.20
Cash Flow	- 40.9%	\$ 0.91	\$ 1.54
Common Dividends Paid.....	-	\$ 0.34	\$ 0.34
Common Shareholders' Equity	- 2.2%	\$ 9.38	\$ 9.59
Performance Measurements:			
Asset Turnover (Sales ÷ Assets).....		2.05	1.98
Return on Sales (Net Earnings ÷ Sales).....		x0.26%	x0.44%
Return on Assets (Net Earnings ÷ Assets)		= 0.54%	= 0.87%
Leverage Factor (Assets ÷ Equity)		x2.96	x2.51
Return on Shareholders' Equity (Net Earnings ÷ Equity)		= 1.60%	= 2.18%

Earnings per share are calculated after deducting preferred dividends and are based on the weighted average number of shares outstanding during the year which were 3.876 million in 1981 and 3.977 million in 1980.

Performance measurements are calculated using the asset and total shareholders' equity balances at the beginning of each year.

PRESIDENT'S REPORT

1981 HIGHLIGHTS

- ☐ Total sales increased 15.5% to \$236,374,000.
- ☐ Earnings were \$624,000 or \$.13 per common share compared with \$893,000 or \$.20 per share in 1980. Cash flow per share was \$.91 compared with \$1.54 in the prior year.
- ☐ The common shareholders received dividends of \$.34 per share, equal to the previous year.
- ☐ Retailing accounted for 75.3% of Revelstoke's sales, redi-mix concrete 19.3% and lumber manufacturing 5.4%.
- ☐ More than two-thirds of the Company's sales were generated in Alberta, 18.1% in British Columbia and 14.2% in Manitoba and Saskatchewan.
- ☐ Capital expenditures amounted to \$6,939,000 compared with \$11,406,000 in 1980.

REVIEW OF 1981

Never tempt the fates!! The cover of last year's annual report courageously proclaimed: "It shouldn't be tough to beat 1980." Fortunately, we included the small words in parenthesis "(touch wood)." Yes, as it turned out, our Retail and Concrete Divisions did beat 1980 in what was a tough business environment. But the lumber market proved to be our nemesis. Increased losses from the Company's four lumber mills more than offset the improvements in earnings from the stores and concrete plants.

The cover of the 1981 annual report aptly summarizes what happened during the year. Firstly, operating profits, before interest charges and corporate administrative expenses, from Revelstoke's dominant business, namely retailing, increased substantially. Secondly, operating profits from the Company's other important business, concrete sales, also rose sharply. Considering the depressed business conditions prevailing through most of 1981, it is significant that Revelstoke's mainstream operations have the ability to produce such improved results.

Unfortunately, the rest of the story concerns lumber mills and interest rates. In addition to its 98 stores and 21 concrete plants, the Company also operates four lumber mills. The state of the North American lumber manufacturing industry throughout 1981 can only be described as a depression, comparable to the automobile business. Demand for lumber was at its lowest level in more than 30 years. Although production was reduced in the latter half

of 1981, losses from the four mills were much higher than the previous year.

The behavior of interest rates in 1981 not only decimated the lumber industry but also boosted Revelstoke's borrowing costs by \$4,627,000 during the year. While most of the Company's stores and concrete plants are situated in markets which are usually characterized by above average prosperity, the impact of high interest rates on retail demand and construction activity became widespread starting in August and gradually worsened towards the end of the year. This demonstrated that even Alberta is not immune to the adverse affects of the current serious recession.

Even after deducting applicable interest costs, both the Retail and Concrete Divisions were still able to record

TOTAL SALES
1cm = \$10 MILLION



improvements in earnings. These gains, however, were not enough to offset the mills' losses. Slightly higher gains from the disposal of fixed assets and a recovery of deferred income taxes resulted in final net earnings for 1981 of \$624,000 compared with \$893,000 for the prior year.

FINANCIAL POSITION

Revelstoke's total assets remained at virtually the same level throughout 1981, ending the year at \$115,704,000. Total shareholders' equity declined slightly during 1981 to end at \$38,257,000 compared with \$38,960,000 a year earlier. In 1981 the Company's working capital decreased to \$16,575,000 at year-end from \$19,457,000 at the end of 1980.

Revelstoke's capital expenditures were reduced to \$6,939,000 during 1981, including \$1,319,000 of expenditures which were financed through sale and leasebacks. In the previous year, capital expenditures were \$11,406,000. Approximately 28% of the total capital expenditures in 1981 were in the Retail Division.

In assessing the Company's overall financial position, it should be noted that Revelstoke owns most of the properties associated with its business. This is unusual for most retail companies and provides the Company with the advantages of more constant or fixed occupancy costs, greater flexibility in expanding facilities and often an appreciation in asset value above cost.

Revelstoke follows a policy of obtaining independent appraisals of the land and buildings at its principal locations every two years. On December 31, 1980 the appraised value of these properties was \$41,647,000 compared with their stated book value on the consolidated balance sheet of \$9,517,000 at that date.

INFLATION/DEFLATION

Revelstoke monitors the rate of change in the price of the products sold by its three Divisions. Unlike most other retail companies, we are used to dealing with considerable swings both up and down in the prices of the items carried by our stores. As the North American economy experiences a transition from inflation to deflation, our past experience may prove to be an advantage.

Looking at the Retail Division, which accounts for three-quarters of the Company's total volume, the overall rate of price increase in the mix of products sold by the stores in 1981 is estimated at 9.6%. This compared with a rise in Canada's Consumer Price Index of 12.1% for the same twelve month period. During 1981, however, the prices of many products sold by the stores, particularly lumber related items, actually were lower than the prior year.

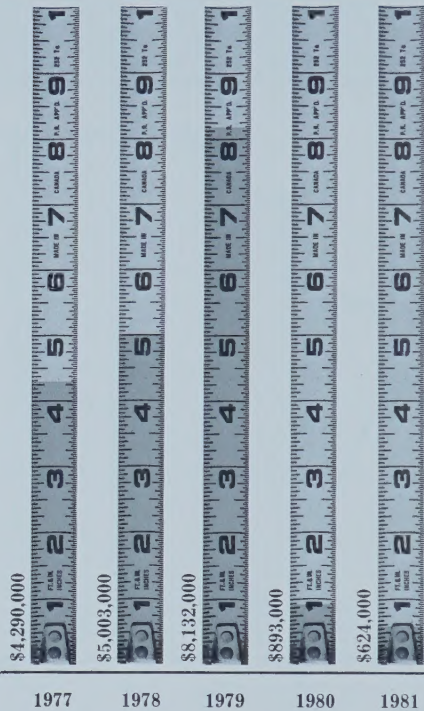
As is historically the case, a prolonged period of high inflation almost inevitably brings about a painful period of deflation. For many industries, this is a time of both reckoning and rationalization. Well managed companies shed obsolete business practices, prune unproductive assets and people, and reposition themselves to take full advantage of the ultimate recovery in business activity. Firms with so-so managements typically get absorbed by the industry leaders, but ones with poor management rarely survive. Often, large risks which seemed acceptable during inflationary times prove fatal when serious deflation occurs.

OUTLOOK FOR 1982

When the economy began its slump in 1980, Revelstoke's management reacted like most retailers to a normal recession. Purchases were tightly controlled, the number of employees was reduced and capital expenditures were delayed. During 1981, however, it became apparent that this was not going to be a typical

NET EARNINGS

1" = \$1 MILLION



EARNINGS PER SHARE

10cm = \$1



CASH FLOW PER SHARE

1cm = \$0.10



DIVIDENDS PER SHARE

1" = \$0.10



recession and that the Company had to reappraise all aspects of how it did business.

Externally, deflationary pressures will probably act in 1982 to reduce the demand for credit in the economy below levels generally expected with the result that interest rates could stay lower than most people are forecasting. It is difficult to anticipate, however, any significant economic recovery in Canada until well into 1983. While most of the Company's markets should lead the upturn in comparison to the rest of Canada, any pick-up in business activity is likely to be quite gradual and slow paced.

Given these circumstances, Revelstoke is determined to make some major changes in its corporate policies and manner of doing business, especially in the case of the Retail Division. These changes will involve departing from certain long-held industry practices as well as altering the nature of the Company's own operations. In particular, customers should only get those services they are willing to pay for and the amount of capital required to operate in this business must be reduced. Simply repeating yesterday will never produce the returns which our shareholders are entitled to receive.

OTHER CORPORATE MATTERS

Revelstoke's Directors approved the payment on April 1, 1982 of the semi-annual dividend in the amount of \$.17 per common share. This is equal to the previous semi-annual dividend paid last October 1.

In May 1980, the Company initiated a program of purchasing its own common shares. While no shares have been purchased since August of 1981, at a Board Meeting on March 31 of this year the Directors authorized management to file a notice with the Toronto Stock Exchange of Revelstoke's intention of retaining the right to resume this

program at any time up to the end of April of next year. At present, the Company has no plans for purchasing its shares under this program.

Last July, Harold Mawhinney joined Revelstoke as Vice President of Information Services. Earlier this month, Ted Hanson was promoted from being Director of Product and Sales Training to Vice President of Merchandising responsible for all lumber and building material products.

On February 18 of the current year, Revelstoke purchased a 60% interest in a Texas company, Redi-Mix Inc., which operates two concrete plants in the Dallas market. Subject to a further payment, Revelstoke has the right to increase its interest in this firm to 75%. A major part of the proceeds required for this acquisition came from the sale last year of the Company's existing concrete plants in Claresholm and Taber, Alberta.

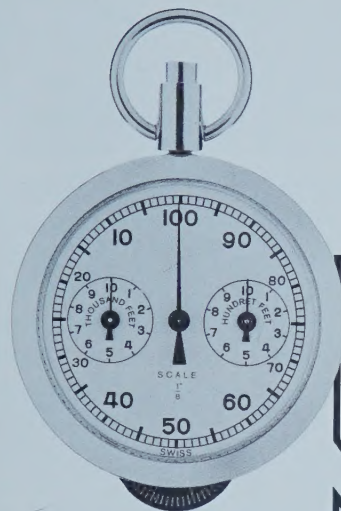
Obviously 1982 is going to be a year when we must make our own success. Regardless of the pervading atmosphere of doom and gloom everywhere in the country, there is still going to be business done. We intend to go after that business with a positive attitude, enthusiasm and a commitment to offer customers outstanding service. We think Revelstoke is favoured by having men and women whose quality and spirit are above that found at our principal competitors. On behalf of the Company's Board of Directors and shareholders, I want to thank all of these individuals for their efforts last year. In addition, everyone at Revelstoke thanks our customers, friends and suppliers for their continued support in 1981.

Paul Curry

March 31, 1982

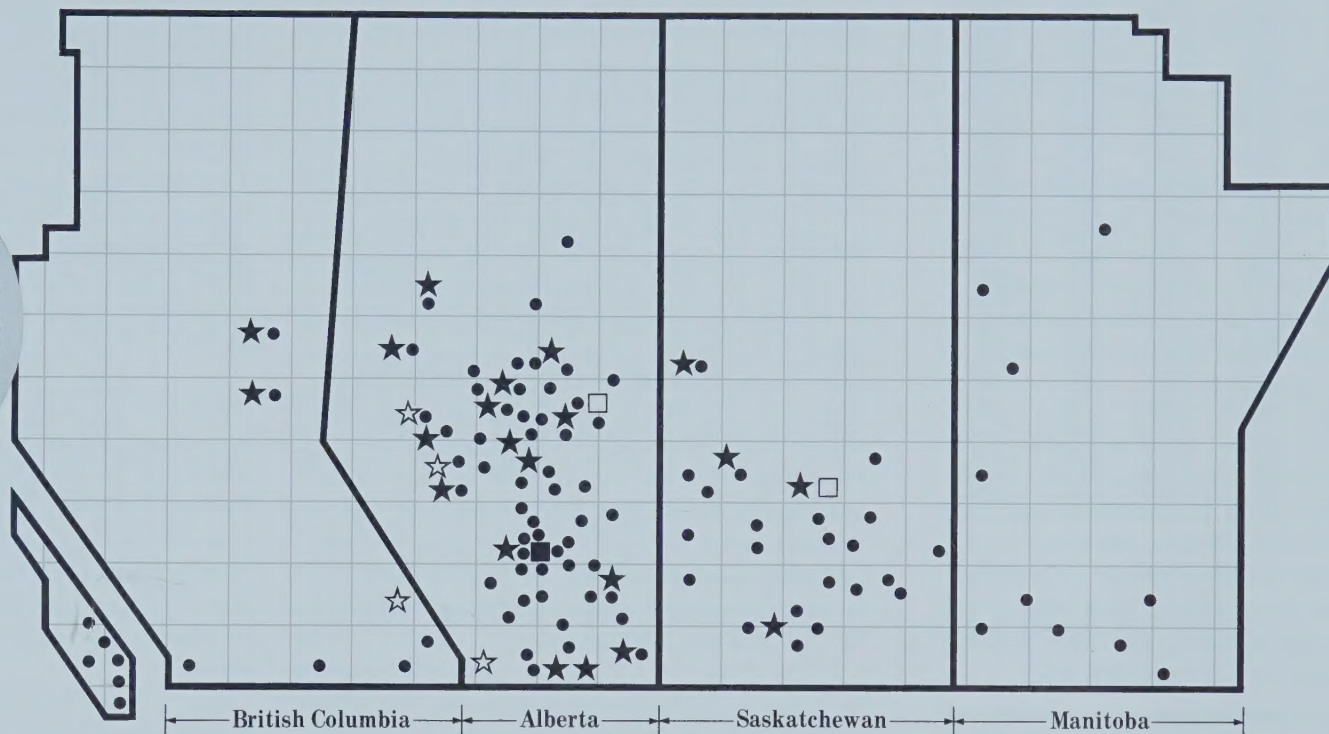
President

WHERE WE OPERATE



LEGEND

- Store
- ★ Concrete Plant
- ☆ Lumber Mill
- Head Office
- Prebuilt Plant



Sales by Province

	1981		1980	
British Columbia.....	\$ 42,801,000	18.1%	\$ 46,029,000	22.5%
Alberta	159,958,000	67.7%	129,227,000	63.2%
Sask/Man.....	33,615,000	14.2%	29,319,000	14.3%
Total	<u>\$236,374,000</u>	<u>100.0%</u>	<u>\$204,575,000</u>	<u>100.0%</u>

BRITISH COLUMBIA

- Cranbrook
- Creston
- ★ Dawson Creek
- Duncan
- ★ Fort St. John
- Ladysmith
- Nanaimo
- Parksville
- Penticton
- Port Alberni
- ☆ Radium
- Victoria
- White Rock

ALBERTA

- Airdrie

- Alix
- Athabasca
- Bentley
- ★ Brooks
- ★ ■ Calgary
- Calgary East
- Calgary Eastport
- Calgary North
- Calgary Midnapore
- ★ Camrose
- Carstairs
- Castor
- Coronation
- Crossfield
- Didsbury
- Drayton Valley
- Drumheller
- Eckville
- ★ ★ Edmonton
- Edmonton Millwoods
- Edmonton North
- Edmonton South
- Edmonton West
- Fort McMurray
- Fort Saskatchewan
- ★ Grande Prairie
- Hanna
- Hardisty
- High River
- Holden
- Innisfail
- Lacombe
- Lac La Biche
- ★ Leduc
- ★ ★ Lethbridge
- ★ Medicine Hat
- Nanton
- Okotoks

SASKATCHEWAN

- ★ Olds
- ★ Peace River
- Picture Butte
- Ponoka
- ★ Red Deer
- ☆ Rocky Mountain House
- ☆ Sentinel
- ☆ Sundre
- Sylvan Lake
- Taber
- Vauxhall
- Vegreville
- Vermilion
- Viking
- Vulcan
- Wainwright
- ★ Wetaskiwin
- Whitecourt
- ★ Battleford
- Davidson
- Elrose
- Fox Valley
- Gull Lake
- Humboldt
- Leader
- Lumsden
- ★ Meadow Lake
- Melfort
- Moose Jaw
- Ponteix
- Prince Albert
- Regina
- Rosetown
- ★ □ Saskatoon
- Saskatoon Revelstoke
- Saskatoon T.M. Ball
- ★ Swift Current
- Tisdale
- Unity
- Watrous
- Yorkton

MANITOBA

- Brandon
- Cypress River
- Flin Flon
- Hamiota
- Morden
- Portage La Prairie
- Swan River
- The Pas
- Thompson
- Virden

RETAIL DIVISION

1981 HIGHLIGHTS

- ☐ Total sales increased 17% to \$178,080,000.
- ☐ Sales at stores open for the full year increased by 23.3%.
- ☐ Operating profits increased 56.1% to \$13,426,000, primarily as a result of higher sales and gross margins.
- ☐ New stores were opened to replace existing outlets in Brooks, High River, Medicine Hat and Picture Butte, Alberta, Dawson Creek, British Columbia, and in Swan River, Manitoba. In addition, a new store was built in Fort Saskatchewan, Alberta.
- ☐ The stores dropped carpeting from their product mix, except for some seasonal lines.
- ☐ The Retail Division's capital expenditures were \$1,913,000 compared with \$4,860,000 in the prior year.

DESCRIPTION OF BUSINESS

The Company's Retail Division consists of 98 stores located throughout western Canada with 54 in Alberta, 22 in Saskatchewan, 12 in British Columbia and 10 in Manitoba. Each store is generally referred to as a "home improvement centre" and carries a complete selection of lumber products, paneling, building materials, tools, paint, wallpaper, hardware, kitchen cabinets, electrical supplies, plumbing products and heating equipment. Revelstoke also sells farm buildings and manufactured houses which are marketed under the name "Revelstoke Homes." In 1981 the Retail Division accounted for 75.3% of the Company's total sales compared with 74.4% in the prior year.

Revelstoke's home improvement centres serve both do-it-yourself customers and professional buyers. The Company's retail customers are homeowners, apartment dwellers, farmers and ranchers. The professional buyers include builders, tradesmen, local industries, institutions and municipalities. In 1981 approximately 53% of the Retail Division's sales were to retail customers and 47% to builders, tradesmen, industrial and institutional customers. This customer profile varies, however, from store to store.

Each of Revelstoke's stores offers one-stop shopping to homeowners and contractors wishing to purchase all of the items required for any type of home building, decorating or repair project. In order to do an effective job of selling their products, these stores all have a showroom, warehouse facilities and outside storage space sufficient to stock a

broad assortment of lumber, building materials and other home improvement products. Consequently, the stores are generally free-standing units as opposed to being located within shopping centres. The land and buildings at 83% of the stores are owned by the Company. A large proportion of the hardware and promotional merchandise is supplied to the stores from a central distribution centre located in Calgary.

Over the past ten years, doing-it-yourself has emerged as an important part of the life style of North American consumers. Fueled by high inflation, the escalating cost of using professional labour and changing attitudes toward home ownership, the market for do-it-yourself products has experienced explosive growth.

While the prime factor motivating people to do their own home improvement and repair projects is to save money, many customers derive an important sense of personal accomplishment from their do-it-yourself work. Originally, do-it-yourself products were almost exclusively marketed to male shoppers. Today, it is estimated that women perform one-third of all home do-it-yourself projects.

In Canada, the do-it-yourself home improvement and building material business has become the fourth largest component of the retail industry following the food, automotive and apparel sectors. With total annual retail sales in excess of \$6 billion, this business is also one of the most highly fragmented sectors of the retail industry. Currently, the six largest retailers of home improvement products are estimated to

account for less than 20% of the total market in Canada.

The significant size and rapid growth of the do-it-yourself business has attracted a multitude of different types of competitors. To say that the industry is over-stored for almost every kind of do-it-yourself product is an understatement. Not everyone has found participating in the retail do-it-yourself business to be a profitable experience.

In Revelstoke's case, the Company's competitive strategy is to offer one-stop shopping to its customers, to specialize in lumber related and building material products, to keep operating costs down in order to be able to offer highly competitive prices and to provide customers with superior service. Wherever possible, Revelstoke attempts to be a leader in the industry and in serving the do-it-yourself retail home improvement and building material market.

OUR MARKETS

During 1981, 66% of the Company's retail sales were generated in Alberta, 18.4% in British Columbia and 15.6% in Manitoba and Saskatchewan.

In the province of Alberta, Revelstoke is the largest retailer of lumber, building materials and home improvement products as well as the largest independent supplier of redi-mix concrete.

For the first seven or eight months of 1981, business conditions remained relatively healthy in a number of the Company's markets in Alberta and British Columbia, including Calgary, Edmonton, Red Deer and Victoria. On the other hand, the adverse consequences of the National Energy Program drastically reduced business and construction activity throughout the year in those markets more directly dependent upon the oil and

gas industry. Starting in August, retail sales began to slow down everywhere and fell below the prior year's level for most of the remainder of 1981 except for the month of December.

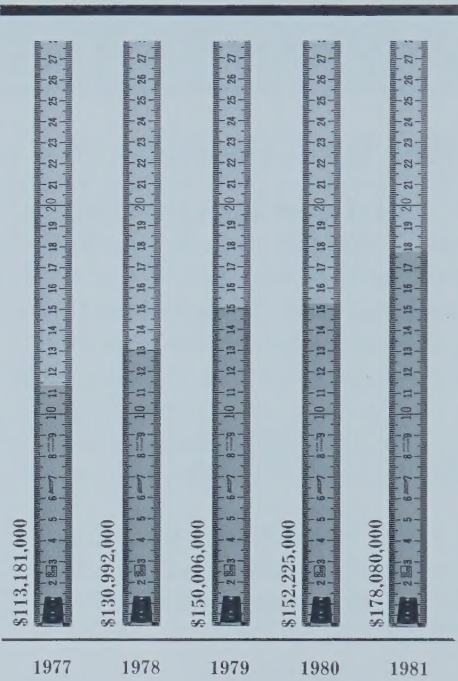
A sizable part of Revelstoke's retail volume is still generated in the rural markets of the three prairie provinces where conditions in the agricultural industry primarily determine the level of demand for the Company's products. While farmers generally produced a much better crop than the previous year, both grain prices and sales were lower than expected. Like their urban counterparts, Revelstoke's farm customers also had difficulty coping with the record high interest rates. As a result, the Company's sales in rural markets, particularly, Manitoba and Saskatchewan, continued to be weak throughout most of 1981.

OUTLOOK FOR 1982

Although this year the Retail Division is only anticipating a modest increase in sales, profits are expected to show a reasonable improvement arising from higher gross margins and better inventory management. The Company is also implementing a number of changes concerning customer credit, delivery policy and supplier payment terms which will further contribute to the profitability of the Retail Division.

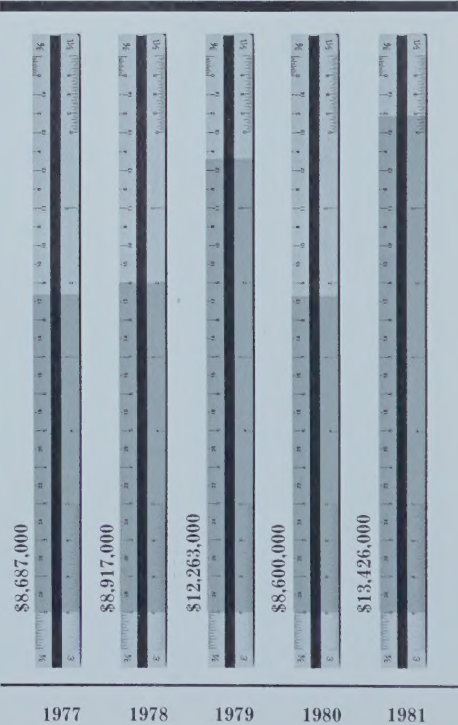
RETAIL DIVISION SALES

1cm = \$10 MILLION



RETAIL DIVISION OPERATING PROFIT

1" = \$1 MILLION



CONCRETE DIVISION

1981 HIGHLIGHTS

□ Total sales increased 17.9% to \$45,603,000. Apart from the concrete plants, Revelstoke's sand and gravel operations contributed 8% of the Concrete Division's sales.

□ Operating profits increased 22.2% to \$4,724,000.

□ The Concrete Division's capital expenditures were \$1,759,000 compared with \$3,260,000 in 1980.

CONCRETE DIVISION SALES

1" = \$1 MILLION



DESCRIPTION OF BUSINESS

The Concrete Division consists of 21 redi-mix concrete plants with 15 situated in Alberta, four in Saskatchewan and two in British Columbia. Revelstoke also produces sand and gravel at seven locations both to supply its own needs and sell to other customers. The Concrete Division represented 19.3% of the Company's total sales in 1981 compared with 18.9% in the previous year. At the end of 1981 the Division had a fleet of 205 mixer units.

Revelstoke's plants serve a substantial number of customers in a variety of different markets. Consequently, none of the plants is dependent upon a continuing supply of large projects or a limited number of major customers to ensure a satisfactory level of operations.

Every plant has a batch plant, a fleet of concrete mixer trucks and facilities for the storage of cement, sand, gravel aggregates and other additives. The batch plant contains the necessary equipment for the controlled measurement and mixing of the ingredients involved in making concrete. The larger plants also have their own garages for maintaining and repairing trucks.

OUTLOOK FOR 1982

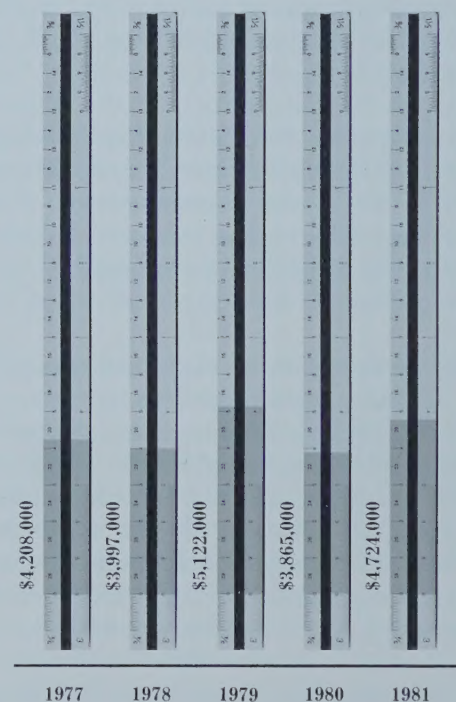
Although results in the first quarter were adversely affected by unusually harsh winter weather, the Concrete Division expects sales and earnings for the remainder of 1982 to be above last year. A number of the Company's concrete markets, however, will continue to

experience a depressed level of construction activity, reflecting the consequences of high mortgage rates and the uncertainty surrounding the future of the petroleum industry.

In February of 1982, Revelstoke entered the American market with the purchase of a 60% interest in a Texas company with two concrete plants serving Greater Dallas. Given the right opportunities, it is Revelstoke's objective to develop a concrete business in the sun belt of the United States of a size comparable to the Concrete Division's existing operations in western Canada.

CONCRETE DIVISION OPERATING PROFIT

1" = \$1 MILLION



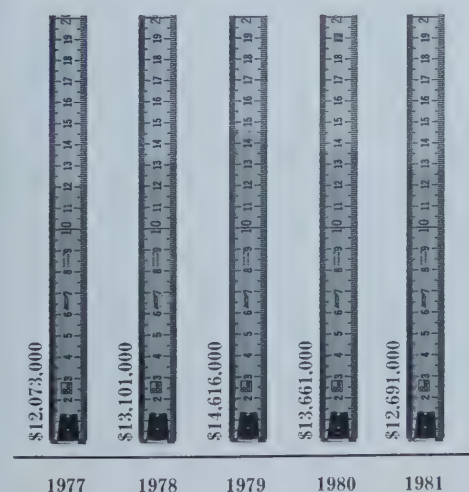
LUMBER DIVISION

1981 HIGHLIGHTS

- Sales were \$12,691,000 compared with \$13,661,000 in 1980. The mills supplied Revelstoke's stores with an additional \$7,003,000 of lumber.
- The Lumber Division had an operating loss of \$3,173,000 compared with an operating loss of \$1,982,000 in the previous year.
- The mills shipped 102,588,000 board feet of lumber compared with 104,636,000 board feet in 1980.
- The Lumber Division's capital expenditures were \$3,007,000 compared with \$2,620,000 in the prior year.

LUMBER DIVISION SALES

1cm = \$1 MILLION



DESCRIPTION OF BUSINESS

Revelstoke's Lumber Division operates one lumber mill in British Columbia at Radium and three in Alberta at Rocky Mountain House, Sentinel and Sundre. The Company also has a post and pole treating plant adjacent to the Sundre mill. In 1981 the Lumber Division accounted for 5.4% of Revelstoke's total sales compared with 6.7% in the prior year.

Revelstoke possesses annual timber quotas of approximately 109,208,000 board feet with 63,840,000 at the Radium mill, 20,930,000 at Rocky Mountain House, 13,010,000 at Sundre and 11,428,000 at Sentinel. These quotas are granted by the provincial governments for a 20 year period and are renewed subject to satisfactory performance and timber availability. In addition, Revelstoke holds commercial timber permits totalling 35,500,000 board feet at its Alberta mills.

In 1981 the Company shipped 57.4% of its lumber production to domestic customers which include wholesalers, large developers and industrial accounts, and 3.8% to export customers. The remaining 38.8% of shipments were sold to the Company's own stores representing most of their spruce lumber requirements.

OUTLOOK FOR 1982

Currently the lumber market is in the worst slump it has experienced in over 30 years. Starting in mid 1981, Revelstoke either shut down or curtailed production at each of its four mills. At present, the mills are operating on a limited production schedule to retain essential

employees, meet government commitments and reduce inventories. The Company does not plan to resume full production until lumber prices have recovered to the point where these mills can generate a positive cash flow.

Under these circumstances, the Lumber Division's operating losses are expected to continue for most of the year. If housing construction in North America recovers with an easing of mortgage rates, then lumber prices will likely rise fairly quickly as there is little lumber inventory available anywhere.

LUMBER DIVISION OPERATING PROFIT

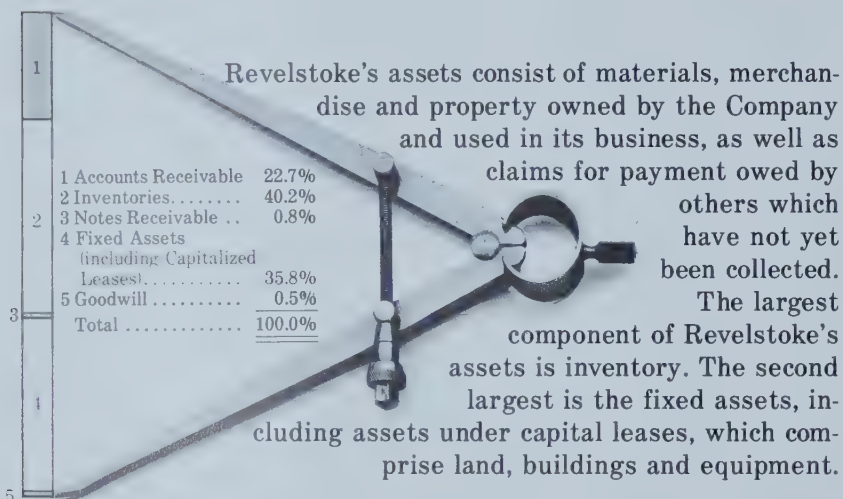
1" = \$1 MILLION



HIGHLIGHTS OF 1981 FINANCIAL POSITION

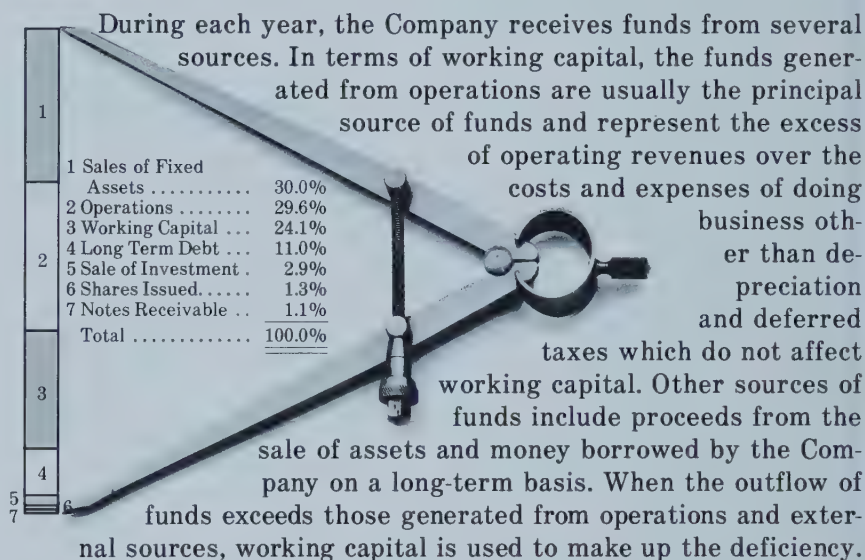
Three dominant factors determine the health and viability of most companies — their people, facilities and financial position. This section of the annual report is devoted to giving our shareholders a better understanding of

ASSETS

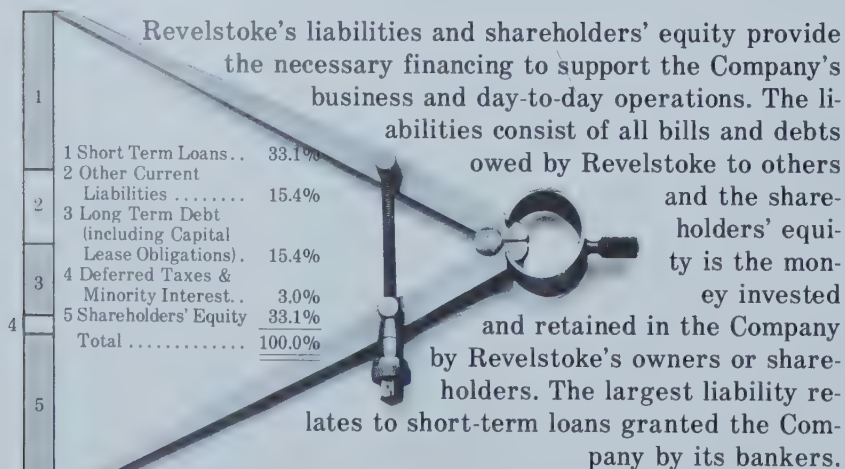


Revelstoke's financial position and the results for 1981. The detailed figures for most of the foregoing charts are contained in the Company's audited financial statements and the footnotes which follow them.

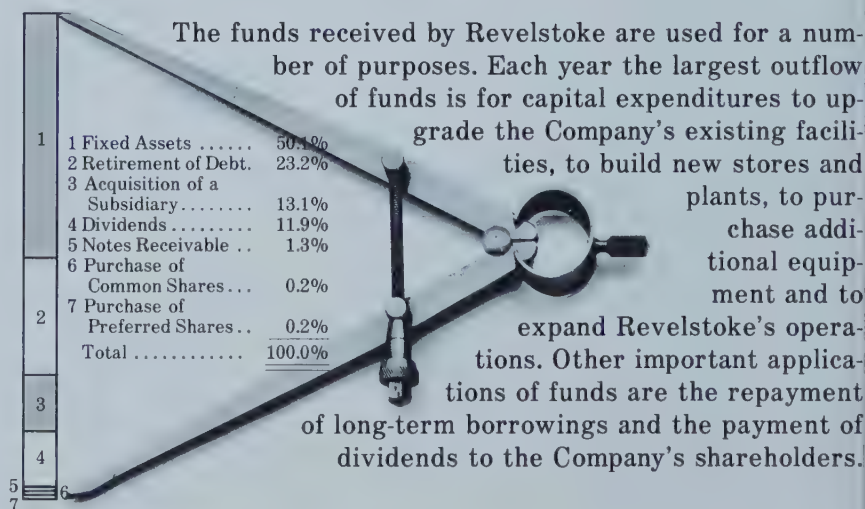
SOURCE OF FUNDS



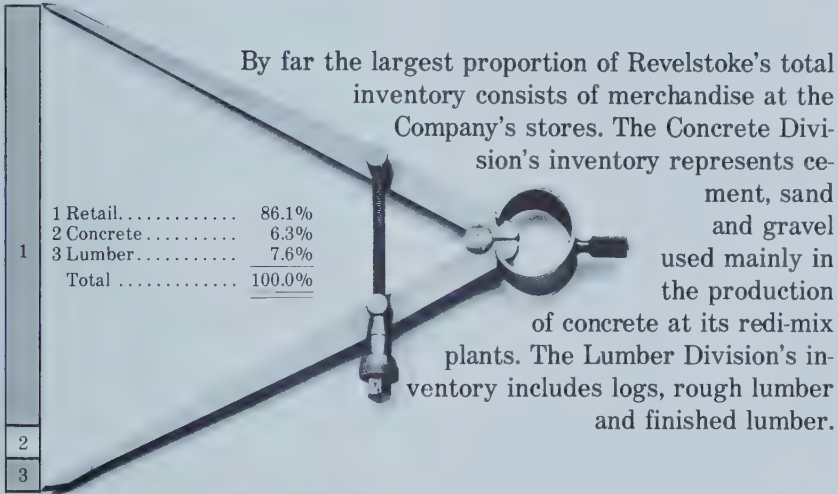
LIABILITIES & SHAREHOLDERS' EQUITY



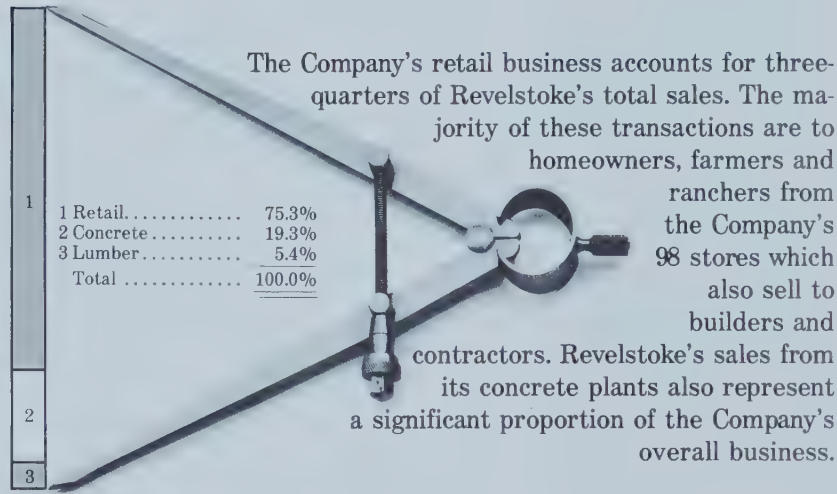
APPLICATION OF FUNDS



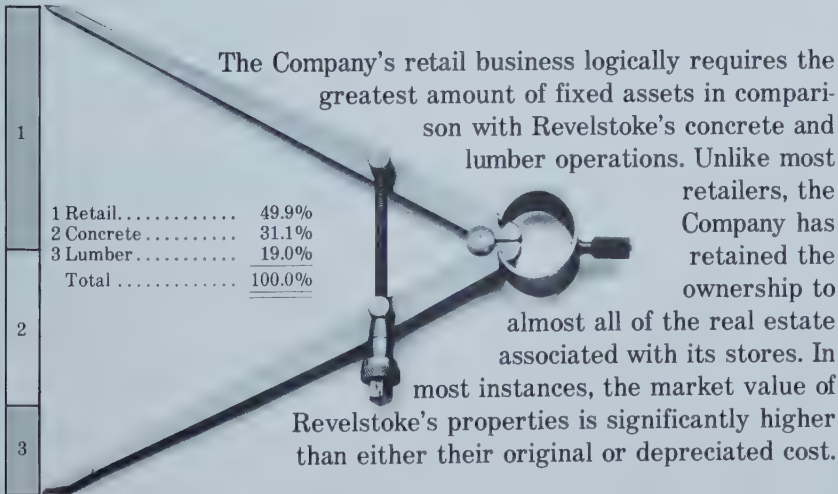
INVENTORY BY DIVISION



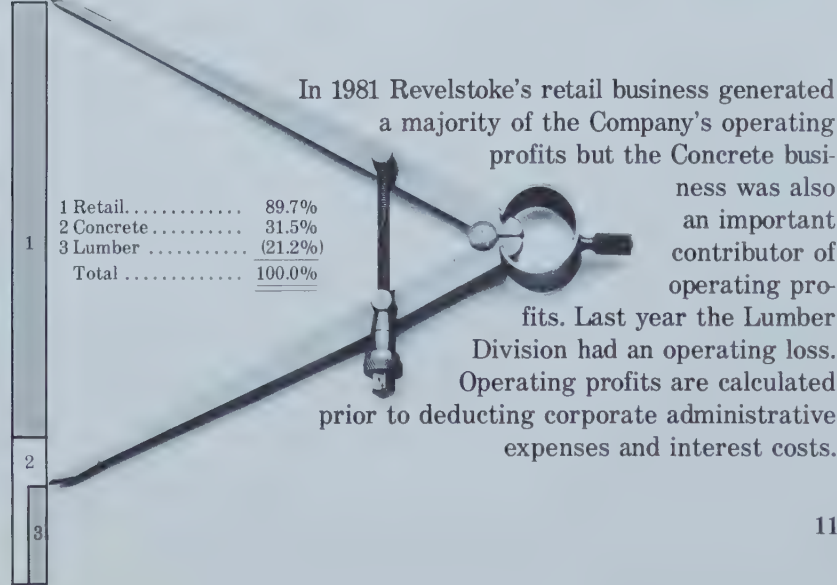
SALES BY DIVISION



FIXED ASSETS BY DIVISION



OPERATING PROFITS BY DIVISION



CONSOLIDATED BALANCE SHEET

REVELSTONE COMPANIES LTD.

Assets

December 31

	1981	1980
Current Assets		
Accounts Receivable	\$ 26,159,000	\$ 25,012,000
Income Taxes Recoverable	112,000	4,664,000
Inventories (Note 2)	46,518,000	42,978,000
	<u>72,789,000</u>	<u>72,654,000</u>
Notes Receivable (Note 9)	930,000	906,000
Property, Plant and Equipment, at Cost (Notes 1 and 3)	62,798,000	59,032,000
Less: Accumulated Depreciation and Depletion	<u>28,227,000</u>	<u>24,572,000</u>
	<u>34,571,000</u>	<u>34,460,000</u>
Assets Under Capital Leases, at Capitalized Cost	13,412,000	12,844,000
Less: Accumulated Amortization	<u>6,601,000</u>	<u>5,633,000</u>
	<u>6,811,000</u>	<u>7,211,000</u>
Goodwill less Amortization (Note 1)	603,000	172,000
Total Assets	<u>\$115,704,000</u>	<u>\$115,403,000</u>

APPROVED BY THE BOARD:

Director

Neil B. Lang

Director

Paul Curry

Liabilities and Shareholders' Equity

December 31

	1981	1980
Current Liabilities		
Short Term Loans	\$ 38,353,000	\$ 35,816,000
Accounts Payable and Accrued Liabilities	15,140,000	14,785,000
Long Term Debt Due Within One Year (Note 4)	970,000	929,000
Current Portion of Capital Lease Obligations (Note 5)	1,751,000	1,667,000
	<u>56,214,000</u>	<u>53,197,000</u>
Long Term Debt (Note 4)	11,647,000	12,606,000
Capital Lease Obligations (Note 5)	6,107,000	6,595,000
Deferred Income Taxes	3,417,000	4,045,000
Minority Interest	62,000	-
Shareholders' Equity		
Capital Stock (Note 6)		
Preference Shares Issued	1,790,000	1,821,000
Common Shares Issued	5,336,000	5,187,000
Retained Earnings	<u>31,131,000</u>	<u>31,952,000</u>
Total Shareholders' Equity	38,257,000	38,960,000
Commitments (Note 12)		
Total Liabilities and Shareholders' Equity	<u>\$115,704,000</u>	<u>\$115,403,000</u>

CONSOLIDATED STATEMENT OF CURRENT AND RETAINED EARNINGS

REVELSTONE COMPANIES LTD.

Years Ended December 31

Current Earnings

	1981	1980
Sales — Retail Division	\$178,080,000	\$152,225,000
Concrete Division	45,603,000	38,689,000
Lumber Division	12,691,000	13,661,000
	236,374,000	204,575,000
Gain on Disposal of Fixed Assets	1,440,000	1,071,000
	237,814,000	205,646,000
Costs and Expenses		
Cost of Sales, Selling, General and Administrative	221,758,000	193,861,000
Depreciation, Depletion and Amortization (Note 1)	5,020,000	4,895,000
Interest (Long Term: 1981 - \$2,091,000; 1980 - \$2,285,000)	10,981,000	6,354,000
	237,759,000	205,110,000
Earnings before Income Taxes and Minority Interest	55,000	536,000
Minority Interest in Net Loss of Subsidiary	28,000	-
Provision for Income Taxes (Note 7)		
Current	108,000	(1,773,000)
Deferred	(649,000)	1,416,000
	(541,000)	(357,000)
Net Earnings for the Year	\$ 624,000	\$ 893,000

Earnings Per Common Share (Note 1)	\$0.13	\$0.20
--	--------	--------

Retained Earnings

Balance at Beginning of Year	\$ 31,952,000	\$ 34,103,000
Addition		
Net Earnings for the Year	624,000	893,000
	32,576,000	34,996,000
Deductions		
Dividends on Preference Shares	107,000	112,000
Dividends on Common Shares	1,317,000	1,360,000
Common Shares Repurchased (Note 6)	21,000	1,572,000
	1,445,000	3,044,000
Balance at End of Year	\$ 31,131,000	\$ 31,952,000

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

REVELSTONE COMPANIES LTD.

Years Ended December 31

Source of Funds

	1981	1980
Net Earnings for the Year	\$ 624,000	\$ 893,000
Add (Deduct) Items Not Affecting Funds From Operations		
Depreciation, Depletion and Amortization	5,020,000	4,895,000
Deferred Income Taxes	(649,000)	1,416,000
Gain on Disposal of Fixed Assets	(1,440,000)	(1,071,000)
Minority Interest in Consolidated Income	(28,000)	-
Other	4,000	(13,000)
Funds from Operations	3,531,000	6,120,000
Notes Receivable	129,000	160,000
Long Term Debt	-	79,000
Capital Lease Obligations	1,319,000	603,000
Proceeds on Disposal of Fixed Assets	3,577,000	2,200,000
Shares Issued	153,000	343,000
Proceeds on Sale of Investment (Note 8)	351,000	-
	<u>9,060,000</u>	<u>9,505,000</u>

Application of Funds

Fixed Assets	4,667,000	10,803,000
Assets Under Capital Leases	1,319,000	603,000
Purchase of Preference Shares	16,000	33,000
Dividends	1,424,000	1,472,000
Long Term Debt	969,000	940,000
Capital Lease Obligations	1,807,000	1,694,000
Notes Receivable	153,000	343,000
Purchase of Common Shares	25,000	1,817,000
Acquisition of a Subsidiary Including Working Capital		
Deficiency Assumed of \$509,000 (Note 8)	1,562,000	-
	<u>11,942,000</u>	<u>17,705,000</u>
Decrease in Working Capital	2,882,000	8,200,000
Working Capital at Beginning of Year	19,457,000	27,657,000
Working Capital at End of Year	<u>\$16,575,000</u>	<u>\$19,457,000</u>

Changes in Components of Working Capital

Current Assets

Accounts Receivable	\$ 1,147,000	\$ 9,000
Income Taxes Recoverable	(4,552,000)	4,664,000
Inventories	3,540,000	2,015,000
	<u>135,000</u>	<u>6,688,000</u>

Current Liabilities

Short Term Loans	2,537,000	14,839,000
Accounts Payable and Accrued Liabilities	355,000	1,413,000
Income Taxes Payable	-	(1,445,000)
Long Term Debt Due Within One Year	41,000	47,000
Current Portion of Capital Lease Obligations	84,000	34,000
	<u>3,017,000</u>	<u>14,888,000</u>
Decrease in Working Capital	<u>\$ 2,882,000</u>	<u>\$ 8,200,000</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

REVELSTONE COMPANIES LTD.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and all of its subsidiary companies from their effective dates of acquisition. Intercompany balances and transactions are eliminated.

DEPRECIATION

The Company's property, plant and equipment are depreciated as follows:

	Method	Rate
Buildings	Straight line	2.5% - 5%
Machinery and Equipment.....	Straight Line	10% - 30%
Logging Access Roads	Unit of production	Based on estimated reserves
Sand and Gravel Rights and Properties	Unit of production	Based on estimated reserves if not leased for fixed period
Timber Rights and Leases	Straight line	5%
Assets under Capital Leases	Straight line	10% - 30%

GOODWILL

Goodwill acquired after December 31, 1973 in conjunction with the purchase of fixed assets and subsidiaries is being amortized over periods of up to ten years.

CAPITAL LEASES

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incident to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of such lease. Assets recorded under capital leases are amortized using the straight line method.

EARNINGS PER COMMON SHARE

The earnings per share are calculated after deducting preferred dividends and are based on the weighted average number of shares outstanding during the year.

Inventories in the Retail and Concrete Divisions are valued at the lower of cost or net realizable value (estimated selling price) on a first in first out basis.

In the Lumber Division inventories are valued at the lower of average production cost or net realizable value (mill net selling price, less cost of shipping).

Inventory values by Division are as follows:

	1981	1980
Retail Division.....	\$40,053,000	\$35,136,000
Concrete Division	2,941,000	2,936,000
Lumber Division	3,524,000	4,906,000
	<u>\$46,518,000</u>	<u>\$42,978,000</u>

NOTE 2 INVENTORIES

NOTE 3

PROPERTY, PLANT AND EQUIPMENT

	1981		1980	
	Cost	Net Book Value	Cost	Net Book Value
Land	\$ 5,162,000	\$ 5,162,000	\$ 5,050,000	\$ 5,050,000
Buildings.....	17,897,000	12,388,000	17,985,000	12,915,000
Machinery and Equipment....	31,729,000	14,240,000	29,270,000	14,547,000
Logging and Access Roads....	4,130,000	1,101,000	3,643,000	860,000
Sand and Gravel Rights and Properties	687,000	347,000	687,000	365,000
Timber Rights and Leases	3,193,000	1,333,000	2,397,000	723,000
	<u>\$62,798,000</u>	<u>\$34,571,000</u>	<u>\$59,032,000</u>	<u>\$34,460,000</u>

Effective December 31, 1980 the Company's land and buildings at 57 of its principal properties were appraised by independent appraisers at \$41,647,000. The net book value of these properties at that date was \$9,517,000.

NOTE 4

LONG TERM DEBT

	1981	1980
Sinking Fund Debentures, 10 $\frac{3}{8}$ % due 1997 (Annual sinking fund requirement \$300,000)	\$ 6,332,000	\$ 6,628,000
Sinking Fund Debentures, 11 $\frac{5}{8}$ % due 1990 (Annual sinking fund requirement \$600,000)	5,655,000	6,249,000
Purchase Money Mortgages (Repayable over various terms to 1999 at rates varying from 9 $\frac{1}{2}$ % to 12%).....	<u>630,000</u>	<u>658,000</u>
	12,617,000	13,535,000
Long Term Debt Due Within One Year	<u>970,000</u>	<u>929,000</u>
	<u>\$11,647,000</u>	<u>\$12,606,000</u>

Aggregate annual maturities excluding those related to capital lease obligations for the next five years are as follows:

1982.....	\$970,000
1983.....	\$916,000
1984.....	\$918,000
1985.....	\$920,000
1986.....	\$922,000

NOTE 5

CAPITAL LEASE OBLIGATIONS

Future obligations under capital leases are as follows:

1982.....	\$ 2,478,000
1983.....	2,154,000
1984.....	1,754,000
1985.....	1,501,000
1986.....	920,000
Subsequent	<u>1,742,000</u>
	10,549,000
Less Amount Representing Interest...	<u>2,691,000</u>
Net Capital Lease Obligations	7,858,000
Less Current Portion of Capital Lease Obligations	<u>1,751,000</u>
Capital Lease Obligations	<u>\$ 6,107,000</u>

NOTE 6

CAPITAL STOCK

PREFERENCE SHARES

The 300,000 authorized preference shares of a par value of \$20.00 each are issuable in series, of which 125,000 have been designated as 6% cumulative redeemable shares 1961 series and are redeemable at \$20.50 plus any accrued and unpaid dividends as at the date of redemption and 9,351 have been designated as 1% non-cumulative redeemable preference shares 1970 series. In addition there are authorized 5,000,000 Class A preferred shares of a par value of \$20.00 each, none of which have been issued.

The 6% cumulative redeemable shares 1961 series issued and outstanding are as follows:

	1981		1980	
	Shares	Amount	Shares	Amount
Balance, Beginning of Year . . .	91,044	\$1,821,000	93,944	\$1,879,000
Purchased on Open Market and Cancelled	1,535	31,000	2,900	58,000
Balance, End of Year	<u>89,509</u>	<u>\$1,790,000</u>	<u>91,044</u>	<u>\$1,821,000</u>

COMMON SHARES

10,000,000 common shares of no par value are authorized. Common shares issued and outstanding are as follows:

	1981		1980	
	Shares	Amount	Shares	Amount
Balance, Beginning of Year . . .	3,872,755	\$5,187,000	4,024,493	\$5,089,000
Issued for Cash Under Employee Stock Purchase Plan	18,500	153,000	35,500	343,000
Purchased on Open Market and Cancelled	(2,600)	(4,000)	(187,238)	(245,000)
	<u>3,888,655</u>	<u>\$5,336,000</u>	<u>3,872,755</u>	<u>\$5,187,000</u>

In April of 1981, the Company filed with the Toronto Stock Exchange a further notice of intention to purchase up to 1% of its outstanding common shares per month for a twelve month period. In 1981 the Company purchased 2,600 (1980 — 187,238) of its own shares for cancellation and removed from share capital an amount equal to the average carrying value of the shares at the purchase dates. The remainder of the purchase price was charged against retained earnings.

Shares reserved for employee stock purchase plan 192,766

NOTE 7

INCOME TAXES

The Company had a recovery of deferred income taxes in 1981 primarily because of the 3% inventory allowance and the non-taxable portion of capital gains which are permanent deductions from taxable income.

NOTE 8

ACQUISITION OF A SUBSIDIARY

Effective March 1, 1981, the Company acquired Tru-Mix Ltd. which is engaged in the business of supplying concrete. The following is a summary of the allocation of the purchase price on the acquisition:

Fixed Assets	\$ 953,000
Goodwill	629,000
Long term debt	(20,000)
Working capital deficiency	<u>(509,000)</u>
Purchase price	<u>\$1,053,000</u>

Subsequent to the purchase the Company sold a 25% interest in Tru-Mix Ltd. to a third party for \$351,000 resulting in no material gain or loss.

NOTE 9

STATUTORY REQUIREMENTS

- (a) The remuneration of the 20 directors and senior officers in 1981 amounted to \$903,000 compared to \$543,000 for 13 directors and senior officers in 1980.
- (b) The Company has a Stock Purchase Plan which provides that employees will be entitled to purchase common shares of the Company in such amounts as the Directors shall approve at a price equal to the closing price on the Toronto Stock Exchange on the date the shares are purchased. The Company advances to such employees by way of loan the purchase price of such shares and the employees give the Company promissory notes payable without interest at a date determined by the Directors. As security for such loans, the employees pledge the shares of the Company purchased by them pursuant to the Plan.

Total notes receivable under the Plan from officers and other employees who are shareholders of the Company at December 31, 1981 were \$930,000 (1980 — \$906,000).

NOTE 10

PENSION PLAN

The Company and its subsidiaries have a contributory retirement plan which is available to substantially all its employees. Current service costs are charged to operations as they accrue. According to an actuarial valuation made as of December 31, 1980, there was no unfunded liability.

NOTE 11

SEGMENTED INFORMATION

The following information is an analysis of the Company's operations and assets by principal industry segment. All operations are in one principal geographic area.

	Year Ended December 31	
	1981	1980
Sales:		
Retail	\$178,080,000	\$152,225,000
Concrete	45,603,000	38,689,000
Lumber	<u>19,694,000</u>	<u>20,898,000</u>
	243,377,000	211,812,000
Inter-segment Sales	<u>(7,003,000)</u>	<u>(7,237,000)</u>
	<u>\$236,374,000</u>	<u>\$204,575,000</u>
Operating Profit (Loss):		
Retail	\$ 13,426,000	\$ 8,600,000
Concrete	4,724,000	3,865,000
Lumber	<u>(3,173,000)</u>	<u>(1,982,000)</u>
	14,977,000	10,483,000
Corporate Administrative Expenses	(5,381,000)	(4,664,000)
Fixed Asset Disposal - Gain	<u>1,440,000</u>	<u>1,071,000</u>
	11,036,000	6,890,000
Interest Expense	<u>(10,981,000)</u>	<u>(6,354,000)</u>
Earnings Before Income Taxes	<u>\$ 55,000</u>	<u>\$ 536,000</u>

NOTE 11

(CONTINUED)

	Year Ended December 31	
	1981	1980
Identifiable Assets:		
Retail.....	\$ 75,441,000	\$ 70,790,000
Concrete.....	22,063,000	19,847,000
Lumber.....	12,663,000	13,996,000
	<u>110,167,000</u>	<u>104,633,000</u>
Corporate.....	5,537,000	10,770,000
	<u>\$115,704,000</u>	<u>\$115,403,000</u>
Depreciation and Amortization:		
Retail.....	\$ 1,489,000	\$ 1,379,000
Concrete.....	1,923,000	1,921,000
Lumber.....	1,437,000	1,436,000
	<u>4,849,000</u>	<u>4,736,000</u>
Corporate.....	171,000	159,000
	<u>\$ 5,020,000</u>	<u>\$ 4,895,000</u>
Capital Expenditures:		
Retail.....	\$ 1,913,000	\$ 4,860,000
Concrete.....	1,759,000	3,260,000
Lumber.....	3,007,000	2,620,000
	<u>6,679,000</u>	<u>10,740,000</u>
Corporate.....	260,000	666,000
	<u>\$ 6,939,000</u>	<u>\$ 11,406,000</u>

A general description of the principal products for each industry segment is included in the Annual Report. Segment revenues include sales to unaffiliated customers, as reported in the Company's consolidated earnings statement, and sales to other segments which are priced at market value. Segment operating profit is revenue less allocable operating expenses which do not include interest or corporate administrative expenses. Identifiable assets are those which are directly used in each segment's operations.

At December 31, 1981, the Company operated 98 stores. The properties relating to 81 of these stores are owned with those relating to the other 17 being leased for terms varying from five to thirty years. The minimum annual rentals (exclusive of taxes, insurance and other occupancy charges) for the next five years are as follows:

1982	\$1,556,000
1983	\$1,458,000
1984	\$1,475,000
1985	\$1,395,000
1986	\$1,338,000

Effective January 1, 1982, the Company acquired for U.S. \$1,500,000 a majority interest in a concrete company which operates in the United States. The agreement provides for the Company to purchase additional shares.

NOTE 12

COMMITMENTS

NOTE 13

SUBSEQUENT EVENTS

AUDITORS' REPORT

To the Shareholders of
Revelstoke Companies Ltd.

We have examined the consolidated balance sheet of Revelstoke Companies Ltd. as at December 31, 1981 and the consolidated statements of current and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included

such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the consolidated financial position of the Company as at December 31, 1981 and the results of its operations and the

changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse
Chartered Accountants

REPORT OF MANAGEMENT'S FINANCIAL RESPONSIBILITY

The management of Revelstoke Companies Ltd. is responsible for the integrity and objectivity of the accompanying financial statements, supplemental financial data, and other information in this annual report. The financial statements have been prepared in accordance with appropriate generally accepted accounting principles, which recognize the necessity of relying on some of our best estimates and judgments. The other information presented is consistent with the financial statements.

To discharge its responsibilities for financial reporting, management depends on the Company's systems of internal accounting control which are designed to provide reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorizations. Management meets the objectives of internal accounting control on

a cost-effective basis by prudent selection of personnel, adoption of appropriate policies, effective communication to personnel, establishment of an effective system of authorization and approval, and employment of a comprehensive internal audit program.

The Board of Directors discharges its responsibilities for the financial statements primarily through the activities of its Audit Committee composed solely of directors who are neither officers nor employees of the Company. The Committee meets with management to assure that it is meeting its responsibility concerning financial controls and systems. The Audit Committee also meets with the Company's independent auditors, Price Waterhouse, both with and without the presence of management to discuss the results of its audit, its opinion on internal accounting controls and the quality of financial reporting.

The financial statements have been audited by Price Waterhouse, whose appointment was ratified by shareholder vote at an annual shareholders' meeting. The auditors' report expresses an informed judgment as to whether management's financial statements, considered in their entirety, present fairly in conformity with generally accepted accounting principles the Company's financial position and results of operations.

Paul Curry
President

K. A. C. McDowell
Senior Vice President
Secretary Treasurer

10 YEAR FINANCIAL REVIEW

For the Years Ended December 31

Income Statement

	1981	1980	1979	1978
Total Sales	\$236,374,000	\$204,575,000	\$206,413,000	\$178,278,000
Pre-Tax Earnings	55,000	536,000	13,665,000	8,266,000
Income Taxes	(541,000)	(357,000)	5,533,000	3,263,000
Net Earnings	624,000	893,000	8,132,000	5,003,000
Cash Flow	3,531,000	6,120,000	11,758,000	8,921,000

Per Share (1)

Sales	60.98	51.44	51.29	44.65
Earnings	0.13	0.20	1.99	1.22
Cash Flow	0.91	1.54	2.92	2.23
Dividends	0.34	0.34	0.30	0.20
Shareholders' Equity	9.38	9.59	9.74	8.05

Balance Sheet (2)

Working Capital	16,575,000	19,457,000	27,657,000	23,114,000
Fixed Assets	41,382,000	41,671,000	36,061,000	30,714,000
Long Term Debt	17,754,000	19,201,000	21,141,000	19,588,000
Total Shareholders' Equity	38,257,000	38,960,000	41,071,000	34,292,000
Total Assets	115,704,000	115,403,000	103,150,000	95,650,000

Ratios (2)

Current Assets to Current Liabilities	1.29	1.37	1.72	1.57
Equity Capital to Long Term Debt	2.15	2.03	1.94	1.75
Return on Assets	0.54%	0.87%	8.50%	6.10%
Return on Shareholders' Equity	1.60%	2.18%	23.71%	16.73%

Other Information

Common Shares Outstanding (1)	3,888,655	3,872,755	4,024,493	4,024,493
Common Share Price Range - High (1)	\$ 11.75	\$ 10.75	\$ 13.38	\$ 11.13
- Low (1)	\$ 6.50	\$ 8.75	\$ 8.50	\$ 6.38
Shareholders at Year End	825	840	898	862
Employees at Year End	1,805	1,960	1,944	2,023

1977	1976	1975	1974	1973	1972
\$153,275,000	\$148,902,000	\$ 93,304,000	\$ 80,343,000	\$ 63,171,000	\$ 42,809,000
7,146,000	7,915,000	4,583,000	4,765,000	6,326,000	3,000,000
2,853,000	3,628,000	2,073,000	2,344,000	3,009,000	1,445,000
4,290,000	4,234,000	2,470,000	2,398,000	3,300,000	1,541,000
6,198,000	6,765,000	4,027,000	4,170,000	5,469,000	2,970,000
38.99	38.25	24.31	21.02	17.49	11.89
1.06	1.06	0.61	0.59	0.88	0.39
1.58	1.74	1.05	1.09	1.51	0.83
0.13	0.125	0.10	0.10	0.085	0.07
7.00	6.09	5.17	4.66	4.18	3.71
24,015,000	17,096,000	15,596,000	9,812,000	9,824,000	6,456,000
25,716,000	22,603,000	20,314,000	16,582,000	14,787,000	12,509,000
19,734,000	12,375,000	12,058,000	4,872,000	5,526,000	3,504,000
29,908,000	25,807,000	22,004,000	19,985,000	18,095,000	15,502,000
82,048,000	77,596,000	62,876,000	49,512,000	44,041,000	33,206,000
1.77	1.46	1.59	1.42	1.51	1.46
1.52	2.09	1.82	4.10	3.27	4.42
5.53%	6.73%	4.99%	5.44%	9.94%	6.44%
16.62%	19.24%	12.36%	13.25%	21.29%	10.81%
3,989,493	3,094,962	3,860,522	3,837,030	3,820,030	3,600,030
\$ 9.25	\$ 8.00	\$ 4.57	\$ 6.69	\$ 6.44	\$ 3.94
\$ 6.63	\$ 3.90	\$ 2.88	\$ 2.88	\$ 3.82	\$ 2.25
883	897	899	906	760	735
1,930	2,035	1,650	1,300	1,250	1,100

(1) The figures have been adjusted to reflect the 2 for 1 stock split in June 1976 and the 3 for 1 stock split in October 1972. Per share figures are calculated using the weighted average number of shares outstanding during each year, except for dividends and shareholders' equity per share, which are derived from the actual number of shares outstanding on dividend dates and at the year ends respectively. Earnings per share are calculated after deducting preferred dividends and shareholders' equity per share is calculated using the total of the common share capital and retained earnings.

(2) Fixed assets and long term debt include assets under capital leases and the related lease obligations respectively.

(3) Certain figures have been restated for the years 1972 through 1978, resulting from the capitalization of leases on a retroactive basis.

COMPANY DIRECTORS AND OFFICERS

BOARD OF DIRECTORS

Gerald A. Berkhold *
Executive Vice President
Revelstoke Companies Ltd.
Calgary, Alberta

G. Mark Curry * †
President
Revmar Inc.
Toronto, Ontario

D. Steele Curry * †*
President
Revelstoke Companies Ltd.
Calgary, Alberta

Neil B. Ivory †
President
Pembroke Management Ltd.
Montreal, Quebec

John E. Sands, C.A. * † ‡
Vice President
Trucena Investments Limited
Toronto, Ontario

John L. Schlosser ‡
President
Tri-Jay Investments Ltd.
Edmonton, Alberta

Daryl K. Seaman
Chairman and Chief
Executive Officer
Bow Valley Industries Ltd.
Calgary, Alberta

Brett F. Sine *
Former Chairman
Revelstoke Companies Ltd.
Calgary, Alberta

Robert L. Strickland ‡
Chairman
Lowe's Companies, Inc.
North Wilkesboro, North Carolina

* Members of the
Executive Committee

† Members of the
Audit Committee

‡ Members of the
Compensation Committee

* Chairman of the Board

OFFICERS

D. Steele Curry
President and Chief Executive
Officer. Joined Revelstoke in that
position in 1971. Age 41.

Gerald A. Berkhold
Executive Vice President. Joined
Revelstoke in 1971. Age 43.

Keith A.C. McDowell
Senior Vice President and
Secretary Treasurer. Joined
Revelstoke in 1955. Age 54.

Gordon D. Roberts
Senior Vice President Operations.
Joined Revelstoke in 1975. Age 44.

Victor R. Roskey
Senior Vice President
Merchandising. Joined Revelstoke
in 1948. Age 50.

Lionel E. Dobson
Vice President Merchandising.
Joined Revelstoke in 1946. Age 53.

David A. Dupont
Vice President Stores. Joined
Revelstoke in 1962. Age 39.

Frank R. Fortin
Vice President Lumber Operations.
Joined Revelstoke in 1969. Age 54.

Neil E. Fraser
Vice President Merchandising and
Distribution. Joined Revelstoke in
1977. Age 43.

Ted W. Hanson
Vice President Merchandising.
Joined Revelstoke in 1946. Age 62.

Brian A. Harris
Vice President and Controller.
Joined Revelstoke in 1959. Age 41.

Harold S. Mawhinney
Vice President Information
Services. Joined Revelstoke in
1981. Age 43.

Howard M. Sells
Vice President Concrete and
Equipment. Joined Revelstoke in
1939. Age 63.

COMPANY OBJECTIVES

- To serve and satisfy an increasing number of customers.
- To provide the men and women in our Company with the opportunity for advancement and increased personal satisfaction.
- To demonstrate entrepreneurship, leadership and high standards throughout the Company.
- To participate in markets which experience above average growth.
- To monitor closely competitive market conditions.
- To keep our manner of doing business simple and economical.
- To strive for excellence as opposed to imitating others and accepting how things were done in the past without question.
- To increase earnings per share and achieve an acceptable return on shareholders' equity.
- To support community affairs where we are located on a basis consistent with the size of our Company.
- To have fun.

GENERAL COMPANY INFORMATION

COMPANY OWNERSHIP

Venture Funding Corporation Limited, a private investment holding company, owns just under 45% of the total outstanding common shares. Venture Funding is Canadian controlled and not a "noneligible person" as defined by the Foreign Investment Review Act of the Canadian federal government. Another 10% of Revelstoke's common shares is held by the principals of Venture

PARENT COMPANY INCORPORATION
Province of Alberta, Canada

**LISTING OF COMMON AND
PREFERRED SHARES**
The Toronto Stock Exchange

TRANSFER AGENTS AND REGISTRARS
Common Shares
Montreal Trust Company
Calgary, Montreal, Toronto and
Vancouver

Preferred Shares
Canada Permanent Trust Company
Calgary, Montreal, Toronto and
Vancouver

AUDITORS
Price Waterhouse

HEAD OFFICE
Revelstoke Companies Ltd.
Box 2501
508 - 24th Avenue S.W.
Calgary, Alberta T2P 2N2
Phone (403) 260-0666

ANNUAL MEETING
The Annual Meeting of Shareholders will be held at the Calgary Convention Centre, Glenview Room, 120 - 9th Avenue S.E., Calgary, Alberta on May 27, 1982 at 9:30 a.m.

ADDITIONAL INFORMATION
Anyone interested in more information concerning the Company's views about the outlook for the 1980s should contact Revelstoke's Secretary for a copy of the Company's 1979 Annual Report.

Funding and other members of management. Approximately 5% of the common shares is owned by the Company's Employee Savings and Stock Purchase Plan whose participants consist of a large number of Revelstoke's salaried employees. The remaining shares are held by Canadian corporate, individual and institutional shareholders.

PRINCIPAL SUBSIDIARY COMPANIES AND % OF OWNERSHIP

Redi-Mix Inc.....	60%
Revelstoke Home Improvement Centres Ltd.....	100%
Revelstoke Sawmill (Radium) Ltd.....	100%
Tru-Mix Ltd.....	75%

ACKNOWLEDGEMENTS

The design and production of the annual report were primarily the responsibility of Craig Parr, Revelstoke's Marketing Manager, and Horst Heimbach of Burnand Printing Company Ltd.

The annual report was printed by Burnand Printing Company Ltd., Calgary, Alberta.

STOCK MARKET AND OTHER PER SHARE INFORMATION

The common shares are listed for trading on The Toronto Stock Exchange under the Symbol "REV."

COMMON SHARE PRICE				SHARES TRADED	EARNINGS PER SHARE	DIVIDENDS PER SHARE
	HIGH	LOW	CLOSE			
1981 FULL YEAR	\$11-3/4	\$6-1/2	\$ 8-1/2	791,982	\$0.13	\$0.34
4th QUARTER	9	6-1/2	8-1/2	24,667	0.31	0.17
3rd QUARTER	11	7-3/4	8-1/2	585,958	0.06	-
2nd QUARTER	11-3/4	9-7/8	11	120,937	0.10	0.17
1st QUARTER	11-1/4	9-1/4	11-1/4	60,420	(0.34)	-
1980 FULL YEAR	10-3/4	8-3/4	9-1/2	328,747	0.20	0.34
4th QUARTER	9-7/8	8-3/4	9-1/2	141,580	0.19	0.17
3rd QUARTER	10-1/4	9-1/8	9-1/2	60,457	0.33	-
2nd QUARTER	9-7/8	9	9-3/4	82,442	(0.03)	0.17
1st QUARTER	10-3/4	9	9-1/4	44,268	(0.29)	-

Common share dividends are paid semi-annually on April 1 and October 1.

**"We'll help you do it better —
and for less money"**